

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF INDIANA  
NEW ALBANY DIVISION

IN RE:	)	Chapter 11
	)	
EASTERN LIVESTOCK CO., LLC,	)	Case No. 10-93904-BHL-11
	)	
Debtor.	)	Hon. Basil H. Lorch III

**APPLICATION TO EMPLOY KROGER, GARDIS & REGAS, LLP**  
**AS SPECIAL COUNSEL TO CHAPTER 11 TRUSTEE**

James A. Knauer, the Chapter 11 trustee appointed in this case ("Trustee"), makes application to this Court for an order authorizing the Trustee to employ the firm of Kroger, Gardis & Regas, LLP ("KGR") to serve as Trustee's special counsel pursuant to 11 U.S.C. §327 (a), with respect to the investigation, prosecution and collection of:

a. The Estate's claims under certain Promissory Notes payable to Eastern Livestock Co., LLC; and

b. The Estate's claims for the avoidance of preferential transfers pursuant to 11 U.S.C. §547, and the recovery of those avoided transfers pursuant to 11 U.S.C. §550, less certain exclusions more particularly described in the Engagement Letter attached as Exhibit "A".

In support of this application ("Application"), the Trustee respectfully represents the following:

1. The Trustee wishes to employ the firm of KGR, each of whose attorneys identified below is duly admitted to practice in this Court.

2. The Trustee selected KGR because KGR has extensive experience with respect to the types of matters for which the Trustee seeks to employ KGR, and KGR

practices before this Court and is familiar with the local rules. KGR is well qualified to represent the Trustee herein.

3. KGR's primary role as special counsel to the Trustee will be to investigate and prosecute claims of the estate in the collection of certain Promissory Notes payable to Eastern Livestock Co., LLC which remain unpaid, and the bringing of actions to avoid and subsequently recover pre-petition preferential transfers pursuant to 11 U.S.C. §§ 547 and 550 on behalf of the estate.

4. KGR is disinterested as that term is defined in 11 U.S.C. § 101. It neither represents nor holds any interest adverse to the interests of the bankruptcy estate with respect to the matters on which KGR is to be employed.

5. Except as provided in the *Affidavit of John J. Petr In Support Of Application To Employ Kroger, Gardis & Regas, LLP As Special Counsel To Chapter 11 Trustee* attached as **Exhibit A**, KGR represents no entity in connection with this case and it has no connection with the Debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States Trustee, or any person employed in the office of the United States Trustee.

6. Subject to Court approval, and in accordance with Section 330(a) of the Bankruptcy Code, and any order authorizing interim compensation procedures by this Court, the Trustee desires to employ KGR on a blended fee basis as is set forth in KGR's proposed Engagement Letter ("Engagement Agreement") attached hereto as **Exhibit B**.

7. The expenses of professionals in this case have been significant and the Trustee has endeavored to reduce the accruing cost by isolating certain note recovery and preference claims that can be readily segregated from the work of the other Trustee's counsel and separately compensated on a reduced or blended rate basis combined with a contingent fee recovery. A similar fee structure was recently approved by this Court in the related bankruptcy case of Thomas and Patsy Gibson.

8. The Trustee believes that a blended rate proposal ("Proposal") set forth in the Engagement Agreement is in the best interest of the estate and its creditors in that the Proposal provides for KGR minimum hourly rates which are substantially below normal and customary hourly rates charged by KGR to its clients (and the rates of other professionals engaged in this matter). The proposal applies only to matters for which a complaint is filed. Additionally, the Proposal's incentive schedule will only be applicable upon obtaining results which are demonstrably beneficial to the estate. Finally, the proposal is further capped to insure that a windfall recovery will not exist at the expense of the estate.

THEREFORE, James A. Knauer, the duly appointed Chapter 11 Trustee herein, respectfully requests that its employment of KGR to represent the Trustee pursuant to the terms described herein be approved, and for all other just and proper relief.

Respectfully Submitted,

By: /s/ James A. Knauer  
*Chapter 11 Trustee*

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**CERTIFICATE OF SERVICE**

I hereby certify that on February 21, 2012, a copy of the foregoing pleading was filed electronically. Notice of this filing will be sent to the following parties through the Court's Electronic Case Filing System. Parties may access this filing through the Court's system.

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I further certify that on February 21, 2012, a copy of the foregoing pleading was served via electronic mail transmission on the following:

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/s/ James A. Knauer, Trustee